

MINUTES OF THE SPECIAL MEETING OF THE BOARD OF DIRECTORS  
RUNNING SPRINGS WATER DISTRICT  
COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA  
AUGUST 26, 2010

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The Special Meeting of the Board of Directors of the Running Springs Water District was held on Thursday, August 26, 2010, at the hour of 6:00 P.M. at the District office located at 31242 Hilltop Boulevard, Running Springs, California.

The following Directors were present:

Ken Ayers, President  
Kevin Kellems, Vice-President  
Mike Terry, Director  
Paul Shouse, Director  
Pamella Bennett, Director

Also present were the following:

Sam Massey, General Manager  
Joan Eaton, Secretary/Treasurer/Administration Supervisor

No Visitors were present:

The meeting was called to order at 6:00 P.M by President Ayers.

Called to Order

President Ayers led the Assembly in the Pledge of Allegiance.

Pledge of Allegiance

Supervisor Eaton opened by stating that the Workers' Compensation Self-Insurance Agreement between York Insurance Services Group, Inc. and Running Springs Water District was presented to the Board of Directors at the August 18, 2010 Board Meeting. After review of the Agreement and further discussion between the Board of Directors, Legal Counsel and District staff, it was determined there were concerns with wording in the Agreement and the motion was tabled until the next Board Meeting.

Workers' Compensation  
Self-Insurance Service  
Agreement Between  
Running Springs Water  
District and York  
Insurance Service Group

District staff have contacted York Insurance Services and discussed the issues stated in the Agreement that were addressed by the Board of Directors regarding liability and the location to file disputes. York Insurance has approved the Districts' amendments to the Agreement and provided the District with a revised Agreement. The revised Agreement was then presented to the Board for consideration. Upon motion by Director Shouse, second by Vice-President Kellems, and carried by a 5 to 0 vote, the Workers' Compensation Self-Insurance Service Agreement Between Running Springs Water District and York Insurance Service Group, Inc. for Claims Administration Services, was approved.

Rim of the World Recreation and Park District Basketball Court Project MOU and Lease Agreement      Manager Massey reported on the Eagle Scout Basketball Court Project on the Downtown District Property and stated a Memorandum of Understanding (MOU) Agreement was required between RSWD and Rim of the World Recreation and Park District (ROWRPD). The draft MOU was reviewed by our Legal Counsel and a separate Lease Agreement was drafted by Best, Best & Krieger. The draft documents were presented to the Board for review and consideration.

Manager Massey stated the term of the Lease Agreement shall be for ten (10) years commencing on September 15, 2010 and ending on September 14, 2021 with two (2) additional five (5) year terms and added that either party may terminate the lease upon ninety (90) days written notice. The premises shall be leased to ROWRPD for the sum of one dollar (\$1.00). Discussion continued regarding the MOU and Lease Agreement and District staff will correct an error in the address names listed on page 5, Section 22 of the Lease Agreement. Upon motion by Director Terry, second by President Ayers and carried by a 5 to 0 vote, the Rim of the World Recreation and Park District Basketball Court Project MOU and Lease Agreement, was approved with corrections.

Running Springs Area Chamber of Commerce Board of Directors      Manager Massey then reported on the 2010/11 Annual Election of the Running Springs Area Chamber of Commerce Board of Directors and stated the District is a member of the Chamber and has the option to take part in the election. The annual ballot was presented to the Board for consideration and to select no more than 7 candidates. Discussion continued regarding the Chamber meetings and Manager Massey volunteered to attend future meetings. Upon motion by President Ayers, second by Director Bennett and carried by a 5 to 0 vote, candidates Terisa Bonito, Rod Cole, Mike Scullin, Kevin Somes and Susan (Susie) Heisler were nominated for the Running Springs Area Chamber of Commerce Board of Directors.

Transfer Unused Financial Master Plan Funds      Manager Massey stated the District 2009/10 Fiscal Year Budget included \$45,000 to conduct a Financial Master Plan. The District entered into an agreement with Bartle Wells Associates (BWA) to conduct the Financial Master Plan rate study and fee analysis at an unanticipated cost of \$49,000 which was \$4,000 higher than the budgeted amount. The study was projected to be substantially completed by June 30, 2010 but was delayed to the 2010/11 Fiscal Year. During the 2009/10 Fiscal Year, BWA submitted invoices totaling \$31,383.43 and the unused portion of the 2009/10 budgeted funds for the plan were \$13,616.57.

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Manager Massey asked the Board to consider the transfer of funds from the 2009/10 Fiscal Year budget to the 2010/11 Fiscal Year budget and allocate an additional \$4,000 from the San Bernardino County Lease Payment Reserve account to fund the remainder of the Financial Master Plan study. Upon motion by Director Shouse, second by Director Bennett and carried by a 5 to 0 vote, the transfer of unused funds in the amount of \$13,616.57 from the Fiscal Year 2009/10 Budget to the Fiscal Year 2010/11 Budget and to allocate an additional \$4,000 from the San Bernardino County Lease Payment Reserve Account to fund the remainder of the Financial Master Plan Study, was approved.

President Ayers opened by stating that on August 13, 2010, he met with Manager Massey and Supervisor Eaton to discuss utilizing District funds to complete several projects that had been deferred over the years due to higher priorities. At the request of President Ayers, Manager Massey provided the Board with project lists for the Water, Wastewater and Administration Department and a Discretionary Project Cash Sheet for their review and consideration. Discussion continued regarding justification of each project and the Board and staff reviewed the Districts' financial options and feasibility.

District Construction  
Projects Utilizing  
Outside Contractors

Manager Massey continued by discussing the importance of completing several projects including the back lot meter relocation project. Supervisor Eaton then outlined issues regarding the District's current outdated telephone system and the probability of expensive repair costs to the equipment. Supervisor Eaton also reported on beneficial upgrades to the current Comet billing system that would increase efficiency by providing technical communication between departments. Manager Massey and Supervisor Eaton will obtain proposals for a new telephone system and will return projected costs and information to the October 2010 Board Meeting. Anticipated costs to upgrade the Comet Billing program will be provided to the Board at the September 15, 2010 Board Meeting. Manager Massey stated the back lot meter relocation project will be considered in the July 2011 future projects.

The outstanding projects were then prioritized and discussed individually and the following projects were approved.

Upon motion by Director Bennett, second by Vice-President Kellems, and carried by a 5 to 0 vote, installation of a DVR Security System at the Wastewater Treatment Plant, utilizing unused funds from the Leachate account not to exceed \$5,000, was approved.

DVR Security System  
Wastewater Treatment  
Plant

Upon motion by Director Shouse, second by Director Terry and carried by a 5 to 0 vote, installation of an eight (8) foot fence with privacy slats and double gates at the Harris property not to exceed \$22,500, was approved. Director Shouse amended the motion by stating the funds for the Harris Property fence will be taken out of the Leachate account.

Harris Property Fence

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Lift Station No. 2 Sealing Manhole Truck Lines      Upon motion by Director Terry, second by Director Bennett and carried by a 5 to 0 vote, funding for the sealing of five (5) manhole trunk lines at Lift Station No. 2, utilizing unused funds from the Leachate account not to exceed \$22,000, was approved.

Overflow Tank Design Engineering Cost      Upon motion by Vice-President Kellems, second by Director Bennett and carried by a 5 to 0 vote, increasing the amount from \$9,000 to \$10,000 for design engineering for the overflow tank at Lift Station No. 1, utilizing unused funds from the Leachate account, was approved.

Harris Property Consideration of Adjacent Property      President Ayers then mentioned the possibility of the District purchasing the property and residence adjacent to the Harris property for storage and emergency office space. Manager Massey discussed this issue with staff and it was determined the property would not be valuable to the District at this time.

Mountain Top Day Event      Director Bennett commended District staff for their participation in the Mountain Top Day event that was held on August 7, 2010.

LAFCO      President Ayers closed by discussing LAFCO (Local Agency Formation Commission) and will schedule a meeting with a LAFCO representative in the near future to discuss issues with the Agency.

Municipal Finance Corporation Prepayment Options      Manager Massey provided the Board with an information only document regarding Municipal Finance Corporation/City National Bank Loan prepayment options utilizing District reserves.

Adjournment      The meeting was adjourned at 8:00 P.M.

Respectfully Submitted,

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President

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Secretary